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FOR IMMEDIATE RELEASE

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## **Terry Goddard Announces Walgreens to Pay States \$35 Million**

(Phoenix, Ariz. – June 4, 2008) Attorney General Terry Goddard today announced today that Walgreen Co. (Walgreens) has agreed to a multi-state settlement and will pay \$35 million to resolve improper billing claims. Arizona's share is \$1,069,941, which will be put back into the state Medicaid Program.

Walgreens, which operates retail pharmacies in 48 states, provides pharmacy services to Medicaid recipients in Arizona. The settlement resolves claims that the company violated various state and federal laws by switching dosage forms of three medications commonly prescribed for Medicaid patients in order to receive a higher reimbursement from Medicaid. Goddard joined attorneys general from 42 states and Puerto Rico as well as the U.S. Department of Justice in this settlement.

Today's action is the result of a joint federal-state investigation stemming from a 2003 lawsuit filed in U.S. District Court in Chicago. The lawsuit alleged that Walgreens switched dosage forms of ranitidine (the generic form of Zantac, a commonly prescribed anti-ulcer medication), fluoxetine (the generic form of Prozac, an anti-depressant) and selegiline (the generic form of Eldepryl, used in the treatment of Parkinson's disease and senile dementia), prescribed to Medicaid patients. The suit alleged that this conduct violated federal and state statutes and regulations.

According to court documents, between 2001 and 2005, Walgreens performed wholesale substitution of alternate dosage forms of these drugs, resulting in higher payments under the automated Medicaid reimbursement system, with no corresponding medical benefit to the individuals receiving the prescriptions.

The settlement includes a Corporate Integrity Agreement ("CIA") with the Office of the Inspector General of the U.S. Department of Health and Human Services. This agreement ensures that Walgreens will not switch dosage forms of medications if the result would increase costs to third-party payers, including Medicaid. The agreement also requires Walgreens to subject the company's billing practices to ongoing federal review.

The settlement was the result of negotiations jointly conducted by the U.S. Attorney's Office for the Northern District of Illinois and the National Association of Medicaid Fraud Control Units. Assistant Attorney General Steven Duplissis handled this case for Arizona.

A copy of the agreement is attached.

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